

by the SERS Board of Trustees and is entirely based on the retirement fund's assumed investment rate of return, without regard to how it may or may not affect an eligible member's benefit.

Remember, the debt is satisfied through an actuarial adjustment to the member's benefit. **There is no requirement for the member to satisfy this debt through cash payment to SERS.**

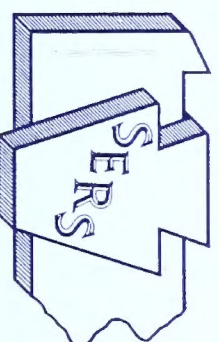
Revocability

There are instances in which a member may decide to receive a lesser benefit. In such circumstances the *member* must notify SERS, in writing, of his or her decision to do so *prior* to termination of employment or the filing of an application for benefits, whichever occurs later.

Need More Information?

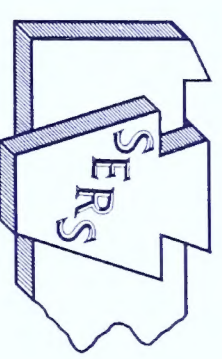
If you have questions or need additional information concerning the frozen present value, contact a retirement counselor at your SERS Retirement Counseling Center. Call toll free:

1-800-633-5461



Frozen Present Value Its Impact on State Pensions

Commonwealth of Pennsylvania
State Employees' Retirement System
30 North Third Street
P.O. Box 1147
Harrisburg, Pa. 17108-1147
TOLL-FREE
COUNSELING NUMBER
1-800-633-5461



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If you retire from state service under normal or early retirement but later return to service, your monthly retirement benefit stops and the present value of your retirement account is “frozen.”

If you then earn at least three years of additional service credit, you become eligible to have your retirement account calculated one of two ways at your next retirement:

- 1) *with* the frozen present value included, or
- 2) *without* the frozen present value, but with a debt for pension payments already received.

The State Employees' Retirement System (SERS) will pay you the *greater* annuity benefit of those two calculations.

SPECIAL NOTE: If you are considering leaving state service but plan to return at a later date, you should contact your SERS Retirement Counseling Center *before* you retire for the latest information on how a return to service may affect your retirement benefit. **Call toll-free 1-800-633-5461.**

Effects of a

Frozen Present Value

SERS members who retire (except under disability retirement) and later return to state service have the value of their retirement benefit frozen at the time they return to service. When the member retires again, this frozen present value is added to the retirement benefit earned during the second period of state service. This generally results in a final retirement benefit with a *smaller* value than if the member did not receive a monthly retirement benefit between the periods of service.

nated. There is *no* requirement for the member to satisfy this debt through payment of cash to SERS.

Eligibility to Eliminate a Frozen Present Value

The eligibility for members to have their frozen present value eliminated occurs *automatically* for SERS active members who have earned three years of credited service (by performing credited state service) since their return to service from retirement.

Creation of a Debt, With Interest

As noted above, eliminating a frozen present value may raise the value of the overall pension benefit. However, this elimination of a frozen present value is not cost-free. Elimination of a frozen present value results in retirement benefits previously received being treated as a *debt* to the member's SERS account. The debt, including any lump sum or partial lump sum payments, plus interest, will be established at the time the frozen present value is eliminated. The interest rate used to calculate the debt can vary from fiscal year to fiscal year, either up or down. This rate is set

Calculation With and Without a

Frozen Present Value

Most active members who have been in service for three years following a return to service become eligible to have their final retirement benefits calculated using the more advantageous of the two calculation methods. The elimination of a frozen present value causes all annuity payments previously paid to the member, plus interest, to be treated as a debt to SERS. The debt is applied to the member's account at the time the frozen present value is elimi-